IN THE UNITED STATES BANKRUPTCY COURT FOR THE WESTERN DISTRICT OF PENNSYLVANIA

IN RE:

WRS, INC., **Bankruptcy No. 01-28759-MBM**

Debtor. **Chapter 11**

SECOND AMENDED PLAN OF REORGANIZATION

WRS, Inc., the Debtor in this Chapter 11 Case (the Debtor) proposes the following Second Amended Plan of Reorganization (Plan) pursuant to Chapter 11 of the Bankruptcy Code.

I. DEFINITIONS

The following terms when used in the Plan will, unless the context otherwise requires, have the following meanings respectively:

a. **Allowed Claims** means a claim (a) in respect of which a proof of claim has been filed with the Court within the applicable period of limitation or (b) scheduled in the list of creditors prepared and filed with the Court and not listed as contingent, disputed or unliquidated as to amount, in either case as to which no objection to the allowance thereof has been determined by an order or judgment which is no longer subject to appeal or certiorari pending.

b. **Allowed Secured Claim** means an Allowed Claim secured by a lien, security interest or other charges against or interest in property in which the Debtor has an interest, or which is subject to setoff under Section 553 of the Code, to the extent of the value

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(determined in accordance with Section 506(a) of the Code) of the interest of the holder of such Allowed Claim on the Debtor's interest in such property or to the extent of the amount subject to such setoff as the case may be.

c. **Allowed Administrative Claim** means all or that portion of any Administrative claim which either (a) has been allowed by Final Order, or (b) was incurred by the Estate of the Debtor in the ordinary course of business during these reorganization proceedings.

d. **Claim** means any right to payment, or right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, against the Debtor in existence or whether or not such right to payment or right to an equitable remedy is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, secured or unsecured.

e. **Class** means any class into which Allowed Claims or Allowed Interests are classified pursuant to Article III hereof.

f. **Code** means the Bankruptcy Code, 11 U.S.C. 101 et seq., and any amendments thereto.

g. **Confirmation Date** means the date on which the Order confirming the Plan is entered by the Court.

h. **Confirmation Order** means the entered Order of Court confirming this Plan.

i. **Effective Date** means the date which occurs sixty (60) days after the Confirmation Date.

j. **Contested Claims** means any Claim for which a proof of claim and an objection to such proof of claim have been filed with the Court and the allowance or disallowance of which shall not have been determined by the Court as of the Effective Date.

k. **Court** means the United States Bankruptcy Court for the Western District of Pennsylvania where the Chapter 11 Case is pending, and any Court having competent jurisdiction to hear appeals or certiorari proceedings therefrom.

l. **Debtor** means WRS, Inc.

m. **Disclosure Statement** means the Disclosure Statement of the Debtor describing the Plan and approved by the Court.

n. **Plan** means this Plan of Reorganization, as amended or modified in accordance with the terms hereof in accordance with the Code.

II. DESIGNATION OF CLASSES OF CLAIMS

A. UNIMPAIRED CLAIMS

Secured Claims

Secured Class 1: The claim of SBFF/EDA-LTD.

Secured Class 2: The claim of SPC/SPRPC, & the Council.

Administrative Claims

Administrative Class 1: The claim of Counsel to the Committee of Unsecured Creditors.

Administrative Class 2: The claim of Counsel for the Debtor.

Priority Claims

Priority Class 1: The claim of contributions to employee benefit plans, i.e., Cigna Financial.

Priority Class 2: Wages, salaries, and commissions, including up to $4,300/person earned in the 90 days preceding the cessation of business.

B. IMPAIRED CLAIMS

Unsecured Claims

Unsecured Class 1: The claims of general unsecured creditors.

III. TREATMENT OF CLAIMS

A. UNIMPAIRED CLAIMS

Secured Class 1&2: The claims of SBFF/EDA-LTD and SPC/SPRC, & the Council, all related to equipment financing, will be paid in full over a five (5) year period in equal monthly installments out of a fund in the total amount of $300,000.00 being created through payments by the Debtor of $60,000.00 per year for five (5) years.

ADMINISTRATIVE CLAIMS

Administrative Class 1: This Claimant will be paid in full out of monies recovered in the Debtor's receivables collection lawsuits. This Claimant will receive twenty percent (20%) of the net funds received by the Debtor through litigation (after payment of attorneys fees in said litigation) until paid in full. In the event litigation proceeds are insufficient to fund the payment of this claim, this Claimant will be paid out of the $300,000.00 fund being created by the Debtor making payments of $60,000.00 per year for five (5) years.

Administrative Class 2: This Claimant will be paid in full in accordance with his fee agreement with the Debtor. This Claimant will defer payment, however, until the other payments provided for in this Plan have been made. This Claimant may receive contingency fees in relation to services performed in the Debtor's receivables collection lawsuits. Said contingency fees, however, would be for new work performed and would be unrelated to this Claimant's claim herein. This Claimant's collection of contingency fees for new work performed will not be deferred.

Priority Claims

Priority Class 1: This claimant will be paid the full amount of its claim over a five (5) year period in equal monthly installments out of a fund in the total amount of $300,000.00 being created through payments by the Debtor of $60,000.00 per year for five (5) years.

Priority Class 2: The claims of these Claimants have been fully resolved pursuant to a settlement agreement between the Debtor and the United States Department of Labor. These claims have been satisfied pursuant to said settlement and no distribution will be made to these Claimants under this Plan.

B. IMPAIRED CLAIMS

Unsecured Claims

Unsecured Class 1: These claimants will be paid out of a fund in the amount of $300,000.00 created by the Debtor making payments of $60,000.00 per year for five (5) years into said fund. The first payment will be made on the effective date of the plan and yearly payments will continue each year thereafter. These claimants will receive a pro rata share of the remainder of said fund on a yearly basis after payment to Secured Classes 1 and 2, payment to Priority Class 1 and, if necessary, payment to Administrative Class 1. The payments into the fund will be made in care of Robert O Lampl who will serve as disbursing agent and will then make disbursement to the unsecured creditors.

EXECUTION OF THE PLAN

Funding for this Plan will be derived from the ongoing business operations of the Debtor as modified by the business changes being implemented by the Debtor which are set forth in the Amended Disclosure Statement filed by the Debtor. The Debtor will also generate funding through the pursuit of litigation to collect unpaid receivables and to collect on other claims which the Debtor may pursue. In the event that the collection litigation is successful, the Debtor will accelerate payments into the fund so as to shorten the disbursement period for creditors. The Debtor is currently operating without any financing and will continue to try to generate as much of its operating income as possible. The debtor will also endeavor to create operating partnerships with existing facilities, and to broker those services it currently isn't equipped to manufacture. The company plans to rebuild its vault and asset management services to the Media industry, as well as to continue its efforts to do more of its marketing over the internet, with smaller clients.

EXECUTORY AGREEMENTS AND LEASES

The Debtor has numerous agreements with parties regarding the storage of film materials on its business premises and/or regarding services to be peformed in regard to said film materials. The Debtor also leases its business premises. Any lease or executory agreement not previously rejected herein is hereby assumed.

CONTESTED CLAIMS

The Debtor specifically reserves the right to object to any claim, provided such objection is filed not later than forty-five (45) days after the Confirmation Date.

INSURANCE

The Debtor will maintain insurance with respect to his assets listing itself and any applicable secured creditor as loss-payee.

RETENTION OF JURISDICTION

The Court will retain jurisdiction of the Chapter 11 Case for the following purposes:

a. To determine the allowance or disallowance of claims and interest(s);

b. To determine any and all applications, objections, adversary proceedings and contested or litigated matters properly before the Court and pending on the Effective Date;

c. To determine the merits of receivables collection cases and other litigation which the Debtor may pursue before the Court;

d. To modify the Plan or remedy any defect or omission or reconcile any inconsistency in the Order of Confirmation to the extent authorized by the Code;

e. To fix the allowances of compensation and other administrative expenses;

f. To enforce provisions of the Plan relating to payments and distributions to be made to the claimants;

g. For such other matters as may be set forth in the Order of Confirmation or Post-Confirmation Order.

MISCELLANEOUS

a. **Discharge.**

On the Effective Date, except as otherwise set forth in the Plan, promises and obligations of the Debtor to make payments as provided for in the Plan will be in full and unconditional settlement, release, discharge and satisfaction of all claims existing against the Debtor of any nature whatsoever up to and through the date of Confirmation.

b. **Amendment of the Plan.**

The Debtor reserves the right in accordance with the Code to amend or modify the Plan prior to the Confirmation Date. After the Confirmation Date, the Debtor may, upon Order of Court in accordance with Section 1127(b) of the code, remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the intent and purposes of the Plan.

c. **Headings.**

The headings of the Plan are for convenience only and shall not limit or otherwise affect the meaning hereof.

d. **Notices.**

Any notices required under the Plan shall be in writing and shall be delivered personally or by facsimile message or by first class mail to:

i. if to the Debtor, to Robert O Lampl, 960 Penn Avenue, Suite 1200, Pittsburgh, PA 15222;

ii. if to a holder of an allowed claim or allowed interest, at the address set forth in its allowed proof of claim or proof of interest or, if none, at its address set forth in the schedule prepared and filed with the Court;

Notice shall be deemed given when sent. Any person may change the address at which it was to receive distribution of notices under the Plan by sending written notice pursuant to the provisions of this section to the person to be charged with the knowledge of such change.

e. **Section and Article References.**

Unless otherwise specified, all references in the Plan to Sections and Articles are Sections and Articles of the Plan.

f. **Cramdown.**